

Message Text

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ACTION XMB-04

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FM AMCONSUL LUBUMBASHI
TO SECSTATE WASHDC PRIORITY 2342
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STATE PASS EXIM BANK

E.O. 11652 N/A
TAGS: AFIN, EMIN, CG
SUBJECT: NEW GECAMINES DEPUTY SEEKS MEETING WITH EXIM

REF: (A) LUBUMBASHI A-8 (B) KINSHASA 2793

1. FOLLOWING IS A SUMMARY OF MAIN POINTS OF RECENTLY
PREPARED AIRGRAM (REF A) WHICH MAY HAVE BEARING ON
PROPOSED MEETING BETWEEN EXIM BANK OFFICIALS AND
GECAMINES DELEGATION AS REQUESTED IN REFTEL B)

2. GECAMINES DELEGATION WILL BE HEADED BY NEW ASSISTANT
DELEGATE GENERAL CHARLES PICQUET, A BELGIAN WITH 20
YEARS MINING EXPERIENCE IN SHABA, WHO ASSUMED HIS NEW
DUTIES ON FEBRUARY 22. PICQUET HAD BEEN WORKING WITH
SGB AFFILIATE-HOBEKEN-OVERPEHT WHEN HE WAS SELECTED BY
PRESIDENT MOBUTU FOR POSITION AS TOP EXPATRIATE WITH
GECAMINES. DURING HIS FIRST WEEKS PICQUET SEEMS TO
HAVE ASSUMED OPERATION CONTROL OF THE COMPANY. ZAIRIANCD
DELEGATE GENE
RAL UMBA REMAINS IN PLACE BUT PICQUET
SEEMS TO BE EMERGING AS KEY DECISION MAKER. PICQUET HAS
ALREADY MADE SEVERAL EARLY MOVES TO CONFRONT GECAMINES
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PROBLEMS. HE HAS SAID THAT MOST SERIOUS OF ALL PROBLEMS
IS FINANCIAL.

3. PICQUET AND FINANCIAL DIRECTOR ROCHER PLAN TO VISIT
BRUSSELS AND WASHINGTON MARCH 24-31 TO DISCUSS FINANCIAL
NEEDS. IN WASHINGTON MEETING WITH EXIM THEY CAN BE EXPECTED
TO MAKE INQUIRIES ABOUT EARLY DISBURSEMENT

OF 20 MILLION LOAN

4. PICQUETS DISCUSSION OF GECAMINES FINANCIAL PROBLEMS
MIGHT BE AS FOLLOWS: FOREIGN EXCHANGE SITUATION EXPECTED
TO BE ACUTE FOR GECAMINES DURING 1970 ?3:-7 3 9* :9,58,78,&
)92 :90034 048:3 -, \$)-4&3 7. 9* 3)*-GENERATED FUNDS
NEEDED TO COMPLETE P-2 EXPANSION PROGRAM. PICQUET HAS ESTIMATED
MONTHLY GECAMINES FOREIGN EXCHANGE NEEDS AT ONE BILLION
BELGIAN FRANKS(\$28.6 MILLION AT \$1-35BF) BELIEVE
DELEGATION MAY CITE NEW MANAGEMENT AND GECAMINES LONG RUN
PROFITABILITY OF POSITIVE ARGUING POINTS AS WELL AS
GECAMINES LIQUIDITY NEEDS AND GOVERNMENT OF ZAIRE'S
DEPENDENCE ON GECAMINES EARNINGS AS KEY TO SUCESS OF ANY
RATIONAL RECOVERY PLAN.

5. PICQUET MAY CHOOSE TO RELATE TO EXIM VARIOUS OTHER
PROPOSED REMEDIAL MEASURES BESIDES EXIM LOAN. SOME OF THE
IDEAS NOW BEING DISCUSSED INCLUDE AN INCREASE IN PERCENTAGE
OF FOREIGN EARNINGS GECAMINES WILL BE ALLOWED
TO REATAIN. GECAMINES MAY ALSO TRY TO INCREASE PERCENTAGE
OF REVENUES PAID AT EMBARKATION FROM PRESENT 70-75 PER CENT
COMPANY WILLPROBABLY TALK WITH IBRD
OFFICIALS ABOUT AN INCREASE IN LOAN FOR P-2 EXPANSION.
GECAMINES WILL PROBABLY SEEK PORTION OF UPCOMING CITIBANK
COORDINATED PRIVATE BANK LOAN. CREDIT BY SGB IS ALSO
POSSIBILITY.
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6. GECAMINES DELEGATION MAY ALSO UNDERLINE IMPORTANCE OF
PROPOSED PURCHASES UNDER EXIM LOAN . (IE SPARE PARTS
FIRST TWO MONTHS OF 1978 HAVE SEEN FALL-OFF IN PRODUCTION
OF 10,000 MT OF COPVSR FOR WHICH OFFICIAL EXPANSION IS SHORTAGE
OF SPARE PARTS. SHORTAGE OF PETROLEUM PRODUCTS IS PROBABLY
ALSO A FACTOR. COMPLICATING SITUATION IS RECENT ANNOUNCE-
MENT THAT ZAIRE,ZAMBIA AND PERU WILL CUT COPPER
PRODUCTION BY 15 PC IN 1978. GECAMINES OFFICIALS
HOWEVER HAVE CONTINUED TO DENY ANY PLANNED
REDUCTION IN PRODUCTION.
BORG

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